

INTENDED USE PLAN
DRINKING WATER STATE REVOLVING FUND
LOAN PROGRAM
FY 2010 FEDERAL APPROPRIATION

DRAFT



Prepared by the
Tennessee Department of Environment and Conservation
State Revolving Fund Loan Program

DWSRF Loan Program Intended Use Plan for FY 2010

A. Introduction

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were enacted into law on August 6, 1996. Congress added Section 1452 to the SDWA authorizing the Administrator of the U. S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) Loan Program to further the health objectives of the SDWA.

Section 1452(b) requires each state to annually prepare an Intended Use Plan (IUP) identifying the use of funds in the DWSRF Loan Program and describing how those uses support the goal of protecting public health and the environment. The following information must be included in the IUP to meet the requirements of the SDWA:

- Priority Ranking List of proposed loan projects including project description and size of community
- Description of criteria and method used for distribution of funds
- Description and amount of the set-aside activities that will be funded from the DWSRF Loan Program Capitalization Grant
- Description of the financial status of the DWSRF Loan Program
- Description of the short- and long-term goals of the DWSRF Loan Program

The IUP serves as the planning document for explaining how the fiscal year (FY) 2010 appropriations for the DWSRF Loan Program will be used. The State of Tennessee's (State) allotment of the FY 2010 federal appropriation for the DWSRF Loan Program is \$15,084,000. This plan describes how the State will meet the required 20 percent State match of \$3,016,800 and the intended uses of both the project loan funds and the set-aside or non-project funds allowed under Sections 1452(g)(2) and 1452(k) of the SDWA. The IUP will describe the intended uses of the project loan funds, Green Project Reserve, project subsidization and the set-aside or non-project funds allowed under Sections 1452(g)(2) of the SDWA. The EPA Capitalization Grant minus set-aside funds plus the State match will provide approximately \$15,536,520 in subsidization and project loan funds. A total of 83 percent or \$12,519,720 of the \$15,084,000 FY 2010 Capitalization Grant plus the required 20 percent or \$3,016,800 State match will be reserved for direct loans to eligible communities. Of that amount, 15 percent or approximately \$2,262,600, is required by Section 1452(a)(2) to provide loan assistance to systems serving fewer than 10,000 persons to the extent that there are a sufficient number of eligible projects to fund. Tennessee's DWSRF Loan Program does not have a separate loan program for disadvantaged communities.

B. Additional Subsidization

To maximize the funds available the State proposes to blend funds awarded under the FY 2010 Drinking Water Capitalization Grant with projects funded from the base DWSRF Loan Program. These projects must meet the applicable FY 2010 Drinking Water Capitalization Grant requirements for the entire project. Projects will be funded 50% from the FY 2010 Capitalization Grant funds and 50% with the funds in the DWSRF. The FY 2010 funds will be utilized as 40 % principal forgiveness and 60 % loan; the other 50% of the project loan will be funded with the

DWSRF Loan Program Intended Use Plan for FY 2010

base DWSRF. No less than 30% of the FY 2010 Capitalization Grant shall be used to provide additional subsidy to eligible recipients in the form of principal forgiveness. The maximum amount of subsidy shall not exceed \$4,525,200.

Eligible recipients of assistance from the SRF may receive subsidization in the form of Principal Forgiveness. Principal forgiveness will be specified in the SRF Loan Agreement for the amount forgiven.

C. Green Project Reserve (GPR)

The FY 2010 Capitalization Grant requires that not less than 20% of the funds made available under this title to each State for Drinking Water State Revolving Fund capitalization grants shall be set aside for Green Project Reserve (GPR). GPR shall be utilized for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

Projects meeting GPR criteria will follow the same process as all other SRF projects. EPA's GPR eligibility guidance for the DWSRF program will be used to evaluate the GPR projects. The guidance will serve the same purpose as the ARRA guidance of March 2, 2009. States are required to select GPR eligible projects that equal at least 20 percent of the FY 2010 capitalization grant, regardless of the projects' ranking in the DWSRF State priority ranking system. Additionally, GPR projects will be selected separately from the total cost until the 20% requirement has been met.

A State will be considered to have met the 20 percent GPR requirement when at least 20 percent of its capitalization grant for FY 2010 is in executed assistance agreements for qualifying GPR projects. If a GPR project is underbid and the State has not met the required 20 percent for GPR, the difference between the amount in the executed assistance agreement and the winning bid must be used for another GPR project(s).

Any requests for a waiver from the GPR requirement based on insufficient project applications will be reviewed by EPA Headquarters on a case-by-case basis.

1. Roles and Responsibilities

- a. **State Roles:** States are responsible for proactively soliciting projects that satisfy the GPR requirement. After projects are ranked and selected, the States will include a list of GPR projects in the IUP that clearly identifies categorically GPR projects and those that require a business case. The State is responsible for reviewing all GPR business cases and posting them on the SRF web site by the end of the quarter in which the loan is made. The business cases for non-categorical GPR projects do not need to accompany the IUP through the public review process, nor do they need to be submitted to EPA.
- b. **EPA Regional Role:** EPA reviews the list of GPR projects in the IUP to ensure the projects listed as categorical GPR projects match the 2010 GPR Guidance. EPA Region IV will review all business cases and evaluate compliance with GPR requirement during the annual SRF Program Overview.

DWSRF Loan Program Intended Use Plan for FY 2010

- c. EPA Headquarters Role: EPA Headquarters will develop 2010 Procedural and GPR Eligibility Guidance that will help states identify GPR projects. EPA Headquarters will review and approve/disapprove all GPR Waivers request.

D. Davis-Bacon

For fiscal year 2010 the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) shall apply to any construction project carried out in whole or in part with assistance made available by a drinking water treatment revolving loan fund as authorized by section 1452 of that Act (42 U.S.C. 300j-12).

The Department of Labor provides pertinent information related to compliance with labor standards, including prevailing wage rates and instructions for reporting. The DWSRF Loan recipients will be required to comply with the Davis-Bacon Act wage rules to all contracts funded with the FY 2010 Drinking Water Capitalization Grant.

E. Drinking Water Priority System

Applicants for DWSRF Loan Program loan funding must submit a request for funding along with a project description, cost estimate and project justification. As required by SDWA, projects are prioritized by risk to human health and compliance with SDWA. Upon a request for funding, projects are evaluated and assigned from 20 points to 100 points depending on the health and compliance problems addressed by the project as noted in the attachments. Seven categories of projects have been established which should cover all types of drinking water projects.

These categories will include:

- Water quality problems
- Source or capacity
- Water storage
- Leakage problems
- Pressure problems
- Replacement or rehabilitation projects
- Water line extensions

Projects demonstrating the greatest risk to human health will receive the highest priority followed by projects addressing compliance problems and then projects addressing other needs.

The DWSRF Loan Program may not provide assistance to any system that is in significant noncompliance with any national drinking water regulation or variance unless the State conducts a review and determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance.

Projects not eligible for funding are those primarily intended for the following:

- Future growth

DWSRF Loan Program Intended Use Plan for FY 2010

- Economic development
- Fire protection

The following projects and activities are not eligible for funding:

- Dams
- Reservoirs
- Water rights
- Laboratory fees for monitoring
- Operation and maintenance expenses

F. List of Projects

In accordance with Section 1452(b), states must develop a list of projects that will receive funding in the first year after the grant award and a comprehensive priority list of eligible projects for funding in future years. This list must include: the name of the community; population, the type of financial assistance, and; the projected amount of eligible assistance. The list included in the IUP must contain eligible projects for which the total cost of assistance requested is at least equal to the amount of the grant being applied for before a grant can be awarded

Additionally, the IUP must contain a description of the financial status of the State loan fund including sources and uses; contemplated loan terms and interest rates; the short-term and long-term goals of the State loan fund; a description of the means by which the State will choose those projects that are ready to proceed to construction.

G. Project By-Passing Procedures

DWSRF Loan Program projects will be funded in order based on the highest number of priority points as listed on the FY 2010 project Priority Ranking List (PRL). Using the project cost estimates on the FY 2010 DWSRF Loan Program PRL, 15 percent of the available loan funds will be set-aside for communities with a population of 10,000 or less. DWSRF Loan Program funding is limited to the project costs set forth on the FY 2010 PRL. Funding may be limited to \$5.0 million per loan from the FY 2010 Capitalization Grant. Upon receipt of the FY 2010 Capitalization Grant, TDEC will contact the communities with the highest scoring projects on the FY 2010 PRL.

Communities that do not respond with a completed application within 120 days may be bypassed in order to fund the next highest-ranking projects that are ready to proceed. The DWSRF Loan Program will work with bypassed projects to ensure that the projects will be eligible for funding in the following fiscal year to the maximum extent possible. The State may substitute projects on an emergency basis. Such projects would include those where some type of failure was unanticipated and requires immediate attention to protect public health.

H. Interest Rates and Affordability Criteria

The interest rate will be based on the community's ATPI. The rate will be zero to 100 percent of the interest rate reported on 20-year general obligation bonds published every Thursday in the

DWSRF Loan Program Intended Use Plan for FY 2010

Bond Buyers Index. Those communities that fall within the lower economic scale of the index will be eligible for a lower interest rate. The interest rates for utility districts and water/wastewater authorities that have service areas in more than one county will be determined by utilizing the lowest Ability To Pay Index of the county or city that will directly benefit from the project(s) associated with the loan. The term of the loan will be a maximum of 20 years or the useful life of the project whichever is shorter.

The methodology for assigning priority points based on health risk and compliance are explained in the Drinking Water Priority System section of this IUP. The affordability criteria are used to prioritize projects that have the same number of points based on project need. Affordability criteria are based on the Ability-To-Pay Index (ATPI) established by the University of Tennessee Center for Business and Economic Research. Communities with greater economic need are given a higher ranking. The allocation formula uses a broad definition of fiscal capacity that includes per capita property tax base and per capita sales. The intent is to measure fiscal capacity in terms of the available resources for paying for services.

The DWSRF Priority List contains information detailing the name of the projects to be funded and the related assigned points, description, expected terms of financial assistance and population of the system's service area.

The attachments include the DWSRF Priority Ranking List, the proposed binding commitment schedule over eight (8) quarters for FY 2010/2011, the DWSRF quarterly ASAP Schedule identifying the anticipated amount of federal dollars to be deposited into the DWSRF over eight (8) quarters, the DWSRF Quarterly Disbursement Schedule projecting the transfer of cash from the Drinking Water SRF Loan Program to the loan recipients over ten (10) quarters, Sources and Uses of DWSRF Funds, and Public Meeting Notice for FY 2010 IUP.

I. Loan Fee

A loan fee of 8 basis points (0.08%) will be charged on the DWSRF loans that are awarded on or after October 1, 2009. **Note: This fee will not be applied retroactively to existing DWSRF loans or projects previously funded under prior grants.**

DWSRF Loan Program Intended Use Plan for FY 2010

J. Description of the Financial Status of the DWSRF Loan Program

The table below details the total dollar amount in the DWSRF Loan Program project fund and the total dollar amount used as set-asides:

Prior-Year Carry-forward Funds	+	\$ 23,589,149
Principal & Interest Receivables Projected for FY 2010*	+	\$ 6,014,270
Interest on DWSRF Loan Program Cash Projected during FY2010*	+	\$ 462,985
FY 2010 Capitalization Grant	+	\$ 15,084,000
Less: Set-asides		
4% Administration	-	\$ 603,360
10% Public Water Supply Supervision (PWSS)	-	\$ 1,508,400
2% Small System Technical Assistance	-	\$ 301,680
1% Wellhead Protection	-	\$ 150,840
83% Balance to Project Fund	=	\$ 12,519,720
20% of FY 2010 Capitalization Grant matched by State	+	\$ 3,016,800
DWSRF Loan Program Project Funds	=	\$ 45,602,924
*Estimated principal, interest, and treasury interest for FY 2010		

Required State match dollars have been appropriated in the State budget for FY 2010. The 20 percent match of \$3,016,800 will be deposited into the DWSRF Loan Program project fund during FY 2010 and any interest earned on the match dollars will be credited to the DWSRF Loan Program project fund.

K. Short- and Long-Term Goals/Objectives

As required by the State is to identify the goals and objectives of its DWSRF Loan Program. The goals as described below are not presented in any priority order.

The State has the following long-term goals and objectives for the DWSRF Loan Program.

Goal 1: Maintain a self-sustaining revolving loan program through the DWSRF Loan Program to provide local governments in Tennessee with low-cost financial assistance for projects to assure affordable drinking water and that comply with the SDWA.

Objective 1.A: To ensure the financial stability of loan recipients by reviewing the financial history, loan security, and proposed user rates of loan applicants

Objective 1.B: To ensure the use of accounting, audit, and fiscal procedures that conform with generally accepted government accounting standards

Objective 1.C: To obligate funds in a timely manner and provide technical and administrative assistance for efficient project management

DWSRF Loan Program Intended Use Plan for FY 2010

Goal 2: Protect and enhance the water quality in Tennessee by ensuring the technical integrity of funded projects

Objective 2.A: To ensure adequate and effective project planning, design, and construction management

Objective 2.B: To maintain a priority ranking system and offer available funds to projects with the highest priority points that are ready to proceed

In addition to these long-term goals, the State has the following short-term goals for the DWSRF Loan Program.

Goal 3: Maximize funds available in the DWSRF Loan Program through cooperation with the EPA

Objective 3.A: To prepare and submit an annual Intended Use Plan (IUP) and prepare and submit, along with the IUP, an application for the Capitalization Grant

Objective 3.B: To actively promote and pursue all potential borrowers, which have needed eligible projects

Objective 3.C: To provide reports to EPA covering the accomplishments of the IUP

Goal 4: Manage an effective and efficient DWSRF Loan Program

Objective 4.A: To prepare and update administrative policies and guidance and standard operation procedures for the DWSRF Loan Program

Objective 4.B: To coordinate and work with the Comptroller of the Treasury to ensure the best financing alternative to local governments

Goal 5: Direct the necessary resources for Section 1452(g)(2) and 1452(k) toward the State's most pressing compliance and public health protection needs

Objective 5.A: To provide supervision and technical assistance to public water systems

Objective 5.B: To assist development and implementation of local drinking water protection initiatives

Goal 6:

Objective 6.A: Solicit green projects for placement on the DWSRF Priority List

Objective 6.B: Evaluate potential green projects that appear to be likely qualify in whole or part for purposes of meeting the eligibility requirements

L. Description of Criteria and Method used for Distribution of Funds

Section 1452 of the SDWA authorizes a DWSRF Loan Program. This section of the federal law also authorizes the states to provide funding other than loans for certain activities related to drinking water called set-asides. States are required to describe in their IUP the amount and intended use of these set-aside funds. The State may return all unused set-aside funds to the project loan fund. Set-asides may be used according to the SDWA for administering the loan

DWSRF Loan Program Intended Use Plan for FY 2010

fund, public water system supervision (PWSS), and Small Systems Technical Assistance. Funds can be set aside from each FY's Capitalization Grant for the activities listed in this section. Funds to delineate and assess source water protection areas were only available from the FY 1997 Capitalization Grant.

The State will determine uses of the Grant that provide for the long-term viability of the fund. The State proposes to use the FY 2010 Capitalization Grant for the following activities to accomplish the objective of directing funding toward the most pressing compliance and public health protection needs.

STATE SET-ASIDE ACTIVITIES

Department/ Division	Activity	Costs Related to:	Comments
4% Administration (FY 2010-\$603,360)			
TDEC/ DWS*/ SRF**	Loan program administration	Personnel, rent, travel, supplies, training	Funds will be used to administer the ARRA funds.
10% State Program PWSS (FY2010--\$1,508,400)			
TDEC/ DWS*	Sanitary Surveys, investigation, publications, laboratory support	Personnel, rent, travel, supplies, training	Funds will be used to maintain jobs and to protect the public health.
2% Small System Technical Assistance (FY2010--\$301,680)			
TDEC/ OEA***/ FTC****	Regulatory compliance assistance to water systems serving less than 10,000 persons	Personnel, travel, and printing	Funds will be used to maintain jobs.
TDEC/ OEA***/ FTC****	Technical training to water systems serving less than 10,000 persons	Travel, equipment and supplies	Supplemental funding to existing training program.
1% Wellhead Protection (FY 2010--\$150,840)			
TDEC/DWS- Groundwater Management Section	Accelerate the Wellhead Protection Program	Personnel, rent, travel, supplies, training	Funds for these activities must be obligated within one year of the award date of the grant.
*DWS—Division of Water Supply; **SRF—State Revolving Fund Loan Program; ***OEA—Office of Environmental Assistance; ****FTC—Fleming Training Center			

States are eligible to set aside 16 percent of the FY 2010 DWSRF Capitalization Grant for local assistance and other state program activities. No more than 10 percent of the grant may be used for any one activity. The allowed activities are described in Section 1452(k)(1)(C) of the SDWA. The State has chosen to set aside 1 percent of the FY 2010 Capitalization Grant for the Wellhead Protection activity.

DWSRF Loan Program Intended Use Plan for FY 2010

M. Description of Set-Aside Activities

PUBLIC WATER SUPPLY SUPERVISION (PWSS) WORKPLAN FY 2010

According to provisions of 1452(g)(2) the State plans to set aside 10 percent (\$1,508,400) of the revolving loan Capitalization Grant to be utilized for the following purposes:

- For public water system supervision programs under Section 1443(a)
- To administer or provide technical assistance through source water protection programs
- To develop and implement a capacity development strategy under Section 1420
- For an operator certification program for purposes of meeting the requirements of Section 1419 if the state matches the expenditures with at least an equal amount of state funds. At least half of the match must be in addition to the amount expended by the state for public water system supervision in FY1993.

The PWSS set-aside requires a dollar for dollar state match in addition to the 20 percent state match of the Capitalization Grant. At least one-half of the FY 2010 state match funds provided by the State, plus any over match, must be in addition to the entire amount the State expended for the PWSS program in FY 1993 (see attached PWSS calculation).

TDEC's Division of Water Supply (DWS) intends to use the set-aside money to conduct the following activities and purchase equipment and supplies.

- Review engineering plans
- Technical assistance visits
- Complaint investigations
- Construction inspections
- Community sanitary surveys
- Non-transient non-community surveys
- Transient non-community surveys
- Public hearings
- Public presentations
- Technical seminars

The State intends to take a set-aside of 10% for the PWSS which will be directed to retaining staff and guaranteeing 16 or more positions in the Division of Water Supply. During FY 2010 the DWS would use the majority of the set-aside money to continue the existing level of activity rather than expand the public water system supervision level. Every effort would be made to incorporate the source water protection and capacity activities into the technical assistance provided to public water systems. In addition to continuing existing activities, DWS would propose to use set-aside money to continue addressing issues raised by the 1996 amendments to SDWA.

The PWSS program goals and objectives and deliverables for this year include such activities as sanitary surveys, construction inspections, complaint investigations, continue to manage the laboratory certification program and revise the sanitary survey manual, record keeping and evaluation of water quality data, and monitoring requirements for public water systems (see table below). The set-aside would also be used to pay for travel, rent, supplies, communications, printing, and laboratory support. Other services include dealing with problems associated with the managerial, technical, and financial capacity of public water systems. The PWSS program

DWSRF Loan Program Intended Use Plan for FY 2010

will evaluate its success in assisting public water supply systems to ensure their compliance with the SDWA. Results of the PWSS program will be provided in FY 2010/2011 DWSRF Annual Report.

<u>ACTIVITY</u>	<u>NUMBER PROJECTED</u>
Technical Assistance Visits	500
Complaint Investigations	129
Community Sanitary Surveys	170
Non-transient Non-community Surveys	40
Transient Non-community Surveys	153
Public Hearings	9
Public Presentations	6

The State already overmatches sufficient federal money to qualify as meeting the matching requirements needed to be eligible for these set-aside funds. Any excess funds not expended can be returned to the DWSRF Loan Program project fund if not needed for the PWSS program.

The State plans to use a portion of the set-aside money from the DWSRF Loan Program to conduct public water system operator training activities. Training primarily is conducted at FTC. This money will be used to supplement the existing training program already in place. The state is in compliance with the SDWA, which requires the state to adopt and implement a plan for certifying operators of public water systems.

SMALL SYSTEM TECHNICAL ASSISTANCE WORKPLAN FY 2010

The State plans to set aside 2 percent of the funds available in the FY 2010 capitalization grant for the Small System Set Aside in the amount of \$301,680 to provide technical assistance to public water systems serving 10,000 or less. These funds will fund the 9 positions at the Fleming Training Center (FTC). The (FTC) provides primarily three functions; (1) training of operators in the water and wastewater industry, (2) administering the State water and wastewater operator certification program, and (3) providing technical assistance to water and wastewater facilities/operators. A listing of the FY 2010 classes that are available to public water systems at the FTC is attached. The list of courses offered is also available on the FTC website.

In FY 2011, the goal of the instructors at the FTC will be to provide technical assistance to small water system operators to troubleshoot and calibrate equipment, teach safety around water treatment facilities, help achieve and maintain compliance with the SDWA and protect the public. Training and continuing education will be accomplished through a wide variety of course offerings, seminars, and continuing education classes to small systems. Many of these courses offered in various locations across the state allowing greater access for operators. The outcome of the assistance provided to the small system operators is to ensure compliance with the provisions of the SDWA and to work with small system operators towards obtaining compliance with operator certification program requirement. The four instructors at FTC can provide technical assistance to small systems through on-site visits to the water systems, blogs, technical bulletins, and excerpts from trade journals, emails or by telephone.

DWSRF Loan Program Intended Use Plan for FY 2010

FTC will offer workshops, technical assistance, and on-site audits to reduce energy costs at plants serving 10,000 or less. This includes energy audits for the office and work areas which may result in re-lamping, HVAC upgrades including programmable thermostats, and energy star purchases as well as energy audits in the plant to reduce overall consumption and peak demand such as equipment phasing, energy-efficient pumps and motors, and proper pump maintenance and calibration.

FTC will provide training and onsite assistance to ten to fifteen water operator interns for small systems in areas with unemployment 10% or greater. FTC will pay for the training, travel and manuals for these ten to fifteen interns. The goal is to train and certify ten to fifteen new operators in Tennessee.

Evaluations of the work accomplished will be done quarterly for training and technical assistance. Training evaluations are accomplished after each training class to determine the effectiveness of the instruction. Trip field reports after technical assistance is accomplished, as well as follow-ups visits, are completed to evaluate the effectiveness of the training and assistance. Results of the technical assistance provided in FY 2011 to small public water systems will be submitted in the DWSRF Annual Report.

WELLHEAD PROTECTION

The Division of Water Supply plans to set aside 1 percent of the funds available in the FY 2010 capitalization grant in the amount of \$150,840 for the wellhead protection activities across the state. The funds are paying for the majority of one FTE for the non-community/small community system wellhead protection coordinator within the Ground Water Management Section (GWMS). The GWMS will purchase office equipment and educational supplies in the form of water conservation and wellhead protection literature for distribution during educational functions with the public. The remaining amount will be used to sample groundwater resources across the state for Radon and other radioactive constituents. This is a follow-up study conducted in 1999 and 2001. Results of the wellhead protection activities will be provided in FY 2010 DWSRF Annual Report.

N. Financial, Managerial, and Technical Capacity

The State is required under Section 1452(a) (3) of the SDWA to develop a process to assess the technical, financial, and managerial capacity of water systems before a loan can be awarded. State law was amended March 10, 1998, to give authority to the Tennessee Department of Environment and Conservation (TDEC) to require all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, to demonstrate technical, managerial, and financial capacity to comply with the national primacy drinking water regulations and the provisions of the Tennessee Safe Drinking Water Act and the rules promulgated there under. The law was also amended to grant to TDEC the authority to develop a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity. Regulations governing the Capacity Development Program in the State for new systems became effective on August 29, 1999. The state is in compliance with the SDWA Section 1420 (c) (3), which requires the state to assess the effectiveness of their

DWSRF Loan Program Intended Use Plan for FY 2010

strategy to ensure that public water systems providers have the technical, managerial and financial capacity to operate a public water system.

In addition to the strategy, the State has two boards that evaluate the technical, financial, and managerial capacity of water systems eligible for DWSRF loans. The Water and Wastewater Financing Board addresses cases involving county and municipal government water systems and water and wastewater authorities. The Utility Management Review Board addresses cases involving utility districts and water and wastewater authorities. Loan applicants in significant noncompliance will be required to demonstrate to the DWSRF Loan Program that the proposed DWSRF project will ensure compliance. The DWSRF Loan Program will assess the loan applicant's managerial, technical, and financial capacity that will allow TDEC to recommend the loan for approval to the Tennessee Local Development Authority Board.

O. Assurances and Specific Proposals

The State shall provide the necessary assurances and certifications described in the Operating Agreement submitted as part of the Capitalization Grant Application. This Operating Agreement is the official agreement between the State and EPA.

Pursuant to Section 1452 of the SDWA, the State certifies that:

- The State has the authority to establish a DWSRF Loan Program project loan fund and to operate the DWSRF Loan Program in accordance with the SDWA.
- The State will comply with its statutes and regulations.
- The State has the technical capability to operate the program.
- The State will accept Capitalization Grant funds in accordance with a payment schedule.
- The State will deposit all Capitalization Grant funds in the DWSRF Loan Program project fund or set-aside account.
- The State will deposit interest earnings and repayments into the DWSRF Loan Program project fund.
- The State will match Capitalization Grant funds the State uses for 1452(g) (2) set-aside.
- The State will use Generally Accepted Accounting Principles.
- The State will have the DWSRF Loan Program project fund and set aside account audited annually in accordance with General Accepted Government Auditing Standards.
- The State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments.
- The State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.
- The funds will be used in accordance with the IUP.
- The State will provide EPA with an Annual Report.
- The State will comply with all federal crosscutting authorities.

In addition, the State certifies that it will conduct environmental reviews on water system projects in satisfying the National Environmental Policy Act-like (NEPA-like) requirements. The State's NEPA-like procedures are contained in the approved Operating Agreement.

P. Disadvantaged Business Enterprise (MBE)/Women's Business Enterprise (WBE) Goals

In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include

DWSRF Loan Program Intended Use Plan for FY 2010

participation from minority and women's businesses in sub-agreement awards. The MBE fair share goal is 2.6 percent for construction and 5.2 percent for supplies, services, and equipment. The WBE fair share goal is 2.6 percent for construction and 5.2 percent for supplies, services, and equipment.

Q. Environmental Benefits

The State agrees to complete on a real-time basis complete the DWSRF Project Benefits Report (PBR) in accordance with the Procedures for Implementing Certain Provisions of the FY 2010 Appropriation. The following information will be entered into the DWSRF PBR; the State agrees to complete on a quarterly basis the Drinking Water Benefits Report (PBR). The following information for each recipient will be entered into the PBR; (1) Type of GPR Project (Green infrastructure, water efficiency, energy efficiency environmentally innovative), (2) Amount of SRF loan and amount of GPR funding, (3) Brief description of the GPR project, (4) The amount of subsidy provided and (5) Population served by the project and (6) Information on the Environmental Benefits of the SRF Assistance Agreements. Copies of the PBR worksheets will be placed in the Annual Report.

R. Annual Report

Section 1452 of the SDWA requires the State to complete and submit a Biennial Report on the uses of the DWSRF Loan Program. The Annual Report shall be submitted to EPA within 90 days after the end of the fiscal year covered by the IUP. This report will contain detailed information on how the State has met the goals and objectives of the previous year as stated in the IUP and Capitalization Grant agreement. Additionally, the Annual Report will identify loan recipients (name and identification number), loan amounts and terms, Green Project Reserve projects, projects receiving subsidization (principal forgiveness), amount of subsidy, similar details on other forms of financial assistance provided from DWSRF, population of loan recipient, and other such information as EPA may require.

S. Public Review and Comment

A public meeting was held on May 3, 2010, in Nashville to receive comments on the IUP. The State formally issued a public notice on April 1, 2010, to solicit participation in the public meeting. Over eight hundred notices were sent to local governments including municipalities, counties, water authorities, and utility districts; consulting engineers; and other interested parties that are included on the mailing list. A copy of the IUP is posted on the TDEC's website located at <http://www.tn.gov/environment/srf>. A summary of the public meeting is on file in the offices of the DWSRF Loan Program.

DWSRF Loan Program Intended Use Plan for FY 2010

ATTACHMENTS

- Attachment 1: DWSRF FY 2010/2011 Priority Ranking List
- Attachment 2: Priority Point Criteria for DWSRF Loan Program Projects
- Attachment 3: DWSRF Loan Program Binding Commitment Schedule
- Attachment 4: DWSRF Quarterly ASAP Schedule
- Attachment 5: DWSRF Loan Program Disbursements Schedule
- Attachment 6: DWSRF Loan Program Sources and Uses of Funds
- Attachment 7: Public Notice, April 1, 2010

DWSRF Loan Program Intended Use Plan for FY 2010

Attachment 1

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
1	85	40%	Springville UD	Henry	Water Storage Tank	\$ 700,000	\$ 700,000	\$ -	\$ -
2	65	20%	Atwood	Carroll	GREEN WTP- energy efficiency- \$1,008,200--GREEN BUSINESS CASE REQUIRED	\$ 1,008,200	\$ 1,708,200	\$ 1,008,200	\$ 1,008,200
3	65	20%	Watauga River WA	Carter	GREEN Meters- \$439,355-- CATEGORICALLY GREEN and WL	\$ 2,655,455	\$ 4,363,655	\$ 439,355	\$ 1,447,555
4	65	30%	Alexandria	Dekalb	Brush Creek Pump Station	\$ 300,000	\$ 4,663,655	\$ -	\$ 1,447,555
5	65	30%	Alexandria	Dekalb	Water Storage Reservoir	\$ 400,000	\$ 5,063,655	\$ -	\$ 1,447,555
6	65	40%	Giles County	Giles	WLE Phase 1	\$ 1,800,000	\$ 6,863,655	\$ -	\$ 1,447,555
7	65	40%	Giles County	Giles	WLE Phase 2	\$ 1,700,000	\$ 8,563,655	\$ -	\$ 1,447,555
8	65	40%	Giles County	Giles	WLE Phase 3	\$ 750,000	\$ 9,313,655	\$ -	\$ 1,447,555
9	65	40%	Persia UD	Hawkins	GREEN Water Source & WTP Improv for energy efficiency-\$135,000- -CATEGORICALLY GREEN	\$ 1,500,000	\$ 10,813,655	\$ 135,000	\$ 1,582,555
10	65	40%	Springville UD	Henry	Phase I Water Lines	\$ 900,000	\$ 11,713,655	\$ -	\$ 1,582,555

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
11	65	40%	Springville UD	Henry	Phase II Water Lines	\$ 1,050,000	\$ 12,763,655	\$ -	\$ 1,582,555
12	65	40%	Springville UD	Henry	Water Supply Line	\$ 2,000,000	\$ 14,763,655	\$ -	\$ 1,582,555
13	65	50%	Elizabethton	Carter	New Well and Water Lines	\$ 3,800,000	\$ 18,563,655	\$ -	\$ 1,582,555
14	65	50%	Griffith Creek UD	Marion	Storage Tank	\$ 750,000	\$ 19,313,655	\$ -	\$ 1,582,555
15	65	50%	Harriman	Roane	Water Loss Repair	\$ 1,800,000	\$ 21,113,655	\$ -	\$ 1,582,555
16	65	50%	Keith Springs Mountain UD	Franklin	WLE	\$ 6,000,000	\$ 27,113,655	\$ -	\$ 1,582,555
17	65	50%	Portland	Sumner	WTP Improvement	\$ 400,000	\$ 27,513,655	\$ -	\$ 1,582,555
18	65	50%	Sweetwater UB	Monroe	WTP Rehab	\$ 2,435,800	\$ 29,949,455	\$ -	\$ 1,582,555
19	65	60%	Crab Orchard UD	Cumberland	Pumps, Lines & Tank	\$ 4,100,000	\$ 34,049,455	\$ -	\$ 1,582,555
20	65	60%	Erwin	Unicoi	Railroad Well WTP	\$ 1,820,000	\$ 35,869,455	\$ -	\$ 1,582,555
21	65	80%	Athens UB	McMinn	GREEN Stream Bank Restoration-\$480,000--GREEN BUSINESS CASE REQUIRED; GREEN WTP upgrades-\$390,000--GREEN BUSINESS CASE REQUIRED; other WTP improvements & WLE	\$ 7,757,700	\$ 43,627,155	\$ 870,000	\$ 2,452,555
22	65	80%	Crossville	Cumberland	Hwy 70N Water Line	\$ 2,500,000	\$ 46,127,155	\$ -	\$ 2,452,555

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
23	65	80%	Crossville	Cumberland	Main Street WL Replacements	\$ 1,530,000	\$ 47,657,155	\$ -	\$ 2,452,555
24	65	80%	Lebanon	Wilson	WTP Clearwells	\$ 2,500,000	\$ 50,157,155	\$ -	\$ 2,452,555
25	65	80%	Madison Suburban UD	Davidson	WTP Imp.	\$ 20,000,000	\$ 70,157,155	\$ -	\$ 2,452,555
26	65	80%	Oakland	Fayette	Water Tank	\$ 1,701,136	\$ 71,858,291	\$ -	\$ 2,452,555
27	65	90%	Alcoa	Blount	GREEN Replace Overlook Reservoirs using solar powered mixers-\$5,800,000--CATEGORICALLY GREEN	\$ 5,800,000	\$ 77,658,291	\$ 5,800,000	\$ 8,252,555
28	65	90%	Alcoa	Blount	Wildwood/Rockford Area	\$ 1,005,090	\$ 78,663,381	\$ -	\$ 8,252,555
29	65	90%	Franklin	Williamson	Hillsboro Road Water Main)	\$ 2,250,000	\$ 80,913,381	\$ -	\$ 8,252,555
30	45	10%	Gibson	Gibson	Water Line Extensions	\$ 129,400	\$ 81,042,781	\$ -	\$ 8,252,555
31	45	20%	Huntsville UD	Scott	GREEN WTP Pump Upgrades-\$910,000--GREEN BUSINESS CASE REQUIRED	\$ 910,000	\$ 81,952,781	\$ 910,000	\$ 9,162,555

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
32	45	30%	Hallsdale-Powell UD	Union / Knox	GREEN Streambank restorations-\$555,000--GREEN BUSINESS CASE REQUIRED and Water Mains	\$ 3,847,000	\$ 85,799,781	\$ 555,000	\$ 9,717,555
33	45	30%	Leoma UD	Lawrence	Water Storage Tank	\$ 600,000	\$ 86,399,781	\$ -	\$ 9,717,555
34	45	30%	Munford	Tipton	Hwy 51 Water Main	\$ 1,846,120	\$ 88,245,901	\$ -	\$ 9,717,555
35	45	30%	Poplar Grove UD	Tipton	Northeast Expansion	\$ 2,834,999	\$ 91,080,900	\$ -	\$ 9,717,555
36	45	30%	Poplar Grove UD	Tipton	WTP Imp.	\$ 2,251,155	\$ 93,332,055	\$ -	\$ 9,717,555
37	45	40%	Brownsville	Haywood	WLE I-40/SR 76	\$ 425,000	\$ 93,757,055	\$ -	\$ 9,717,555
38	45	40%	Brownsville	Haywood	WLE Windrow Road IP	\$ 900,000	\$ 94,657,055	\$ -	\$ 9,717,555
39	45	40%	First UD Hawkins	Hawkins	GREEN Pump Station improvements for energy efficiency-\$255,000--GREEN BUSINESS CASE REQUIRED & Water Main	\$ 700,000	\$ 95,357,055	\$ 255,000	\$ 9,972,555
40	45	40%	Minor Hill UD	Giles	Minor Hill Hwy WL	\$ 450,000	\$ 95,807,055	\$ -	\$ 9,972,555
41	45	40%	Minor Hill UD	Giles	Bethel Road WL	\$ 580,000	\$ 96,387,055	\$ -	\$ 9,972,555
42	45	40%	Ocoee UD	Polk / Bradley	Bradley WL Extensions	\$ 1,000,000	\$ 97,387,055	\$ -	\$ 9,972,555
43	45	40%	Ocoee UD	Polk / Bradley	Polk WL Extensions	\$ 650,000	\$ 98,037,055	\$ -	\$ 9,972,555

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
44	45	40%	Ocoee UD	Polk / Bradley	Wildwood WTP	\$ 1,400,000	\$ 99,437,055	\$ -	\$ 9,972,555
45	45	40%	Ocoee UD	Polk / Bradley	WL Replacements	\$ 620,000	\$ 100,057,055	\$ -	\$ 9,972,555
46	45	40%	Scotts Hill	Decatur	Water Storage Tank	\$ 602,000	\$ 100,659,055	\$ -	\$ 9,972,555
47	45	40%	Spring City	Rhea	WTP Expansion	\$ 3,400,000	\$ 104,059,055	\$ -	\$ 9,972,555
48	45	40%	Waverly	Humphreys	Downtown WL Replacements	\$ 500,000	\$ 104,559,055	\$ -	\$ 9,972,555
49	45	40%	Waverly	Humphreys	Duck River WL Replacement	\$ 200,000	\$ 104,759,055	\$ -	\$ 9,972,555
50	45	50%	Bloomington UD	Sullivan	Water Line Replacement	\$ 1,400,000	\$ 106,159,055	\$ -	\$ 9,972,555
51	45	50%	Chucky UD	Greene	Water Line Replacements	\$ 1,500,000	\$ 107,659,055	\$ -	\$ 9,972,555
52	45	50%	Cross Anchor UD	Greene	Water Line Replacements	\$ 2,800,000	\$ 110,459,055	\$ -	\$ 9,972,555
53	45	50%	Cumberland UD	Roane	AC WL Replacement #1	\$ 2,100,000	\$ 112,559,055	\$ -	\$ 9,972,555
54	45	50%	Cumberland UD	Roane	AC WL Replacement #2	\$ 2,000,000	\$ 114,559,055	\$ -	\$ 9,972,555
55	45	50%	Maury County BPU	Maury	I65 Water Main Ph. I	\$ 750,000	\$ 115,309,055	\$ -	\$ 9,972,555
56	45	50%	Maury County BPU	Maury	I65 Water Main Ph. II	\$ 750,000	\$ 116,059,055	\$ -	\$ 9,972,555
57	45	50%	Maury County BPU	Maury	I65 Water Main Ph. III	\$ 1,400,000	\$ 117,459,055	\$ -	\$ 9,972,555
58	45	50%	Maury County BPU	Maury	WLE Sowell Mill	\$ 1,700,000	\$ 119,159,055	\$ -	\$ 9,972,555

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
59	45	50%	Mosheim	Greene	GREEN Meters-\$200,000--CATEGORICALLY GREEN and WL Replacement	\$ 1,150,000	\$ 120,309,055	\$ 200,000	\$ 10,172,555
60	45	50%	Paris	Henry	WL Replacement	\$ 865,000	\$ 121,174,055	\$ -	\$ 10,172,555
61	45	50%	Tellico Area Services System	Monroe / Loudon	Hackney Tank	\$ 370,000	\$ 121,544,055	\$ -	\$ 10,172,555
62	45	50%	Witt UD	Jefferson / Hamblen	Tank & Water Lines	\$ 850,000	\$ 122,394,055	\$ -	\$ 10,172,555
63	45	60%	Dayton	Rhea	Water Transmission Main	\$ 2,450,000	\$ 124,844,055	\$ -	\$ 10,172,555
64	45	60%	Erwin	Unicoi	Birchfield WTP Standpipe	\$ 300,000	\$ 125,144,055	\$ -	\$ 10,172,555
65	45	60%	Erwin	Unicoi	Tank, PS & Water Line	\$ 500,000	\$ 125,644,055	\$ -	\$ 10,172,555
66	45	60%	Erwin	Unicoi	GREEN WTP Improvements for energy efficiency-\$350,000--GREEN BUSINESS CASE REQUIRED	\$ 350,000	\$ 125,994,055	\$ 350,000	\$ 10,522,555
67	45	60%	Hendersonville UD	Sumner	Free Hill Road Main	\$ 440,000	\$ 126,434,055	\$ -	\$ 10,522,555
68	45	60%	Hendersonville UD	Sumner	2 nd WTP Main	\$ 594,000	\$ 127,028,055	\$ -	\$ 10,522,555
69	45	60%	Hendersonville UD	Sumner	North Water Main	\$ 2,200,000	\$ 129,228,055	\$ -	\$ 10,522,555
70	45	60%	Lafayette	Macon	WTP Expansion & Tank	\$ 4,467,000	\$ 133,695,055	\$ -	\$ 10,522,555

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
71	45	60%	Mooresburg UD	Hamblen	GREEN Meter replacements- \$327,838-- CATEGORICALLY GREEN; Water Line, PS	\$ 1,658,238	\$ 135,353,293	\$ 327,838	\$ 10,850,393
72	45	60%	Newport Utilities	Cocke	WTP Expansion	\$ 2,900,000	\$ 138,253,293	\$ -	\$ 10,850,393
73	45	60%	Water & WW Auth. Wilson Co.	Wilson	PS & WL	\$ 1,100,000	\$ 139,353,293	\$ -	\$ 10,850,393
74	45	70%	Cleveland Utilities	Bradley	Candies Cr. Water Main	\$ 270,000	\$ 139,623,293	\$ -	\$ 10,850,393
75	45	70%	Cleveland Utilities	Bradley	Sycamore Drive	\$ 276,000	\$ 139,899,293	\$ -	\$ 10,850,393
76	45	70%	Cleveland Utilities	Bradley	Frontage Rd Water Main	\$ 1,100,000	\$ 140,999,293	\$ -	\$ 10,850,393
77	45	70%	Cleveland Utilities	Bradley	Hwy64/74 Water Main	\$ 2,480,000	\$ 143,479,293	\$ -	\$ 10,850,393
78	45	70%	Jackson Energy Authority	Madison	Northwest WLE	\$ 4,994,000	\$ 148,473,293	\$ -	\$ 10,850,393
79	45	70%	Jamestown	Fentress	WTP Improvements	\$ 1,778,470	\$ 150,251,763	\$ -	\$ 10,850,393
80	45	70%	Jasper	Marion	New WTP	\$ 3,200,000	\$ 153,451,763	\$ -	\$ 10,850,393
81	45	70%	Johnson City	Carter	Downtown Water Main	\$ 1,300,000	\$ 154,751,763	\$ -	\$ 10,850,393
82	45	70%	Johnson City	Carter	Liberty Bell Water Main	\$ 660,000	\$ 155,411,763	\$ -	\$ 10,850,393
83	45	70%	Johnson City	Carter	Greggtown Area	\$ 2,000,000	\$ 157,411,763	\$ -	\$ 10,850,393
84	45	70%	Johnson City	Carter	Oak Grove WL Replacement	\$ 1,700,000	\$ 159,111,763	\$ -	\$ 10,850,393

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
85	45	70%	Spring Hill	Maury / Williamson	GREEN - \$600,000-- Pump Station with VFDs--GREEN BUSINESS CASE REQUIRED and WL replacement	\$ 600,000	\$ 159,711,763	\$ 600,000	\$ 11,450,393
86	45	70%	Spring Hill	Maury / Williamson	Water Storage Tank	\$ 1,000,000	\$ 160,711,763	\$ -	\$ 11,450,393
87	45	70%	Tuckaleechee UD	Blount	Water Line Upgrades	\$ 1,600,000	\$ 162,311,763	\$ -	\$ 11,450,393
88	45	70%	Waldens Ridge UD	Hamilton	Emergency Connection	\$ 750,000	\$ 163,061,763	\$ -	\$ 11,450,393
89	45	80%	Crossville	Cumberland	WTP Improvements	\$ 1,700,000	\$ 164,761,763	\$ -	\$ 11,450,393
90	45	80%	Crossville	Cumberland	Lantana Rd. WL Replacements	\$ 2,310,000	\$ 167,071,763	\$ -	\$ 11,450,393
91	45	80%	Greeneville	Greene	Lines to Glen Hills UD	\$ 521,911	\$ 167,593,674	\$ -	\$ 11,450,393
92	45	80%	Greeneville	Greene	GREEN VFD Pumps at WTP-\$640,520-- GREEN BUSINESS CASE REQUIRED	\$ 640,520	\$ 168,234,194	\$ 640,520	\$ 12,090,913
93	45	80%	Greeneville	Greene	Water Intake Improvements	\$ 1,125,900	\$ 169,360,094	\$ -	\$ 12,090,913
94	45	80%	Greeneville	Greene	West Side Lies & Storage	\$ 3,145,234	\$ 172,505,328	\$ -	\$ 12,090,913
95	45	80%	Lebanon	Wilson	Water Main Franklin Road etc.	\$ 850,000	\$ 173,355,328	\$ -	\$ 12,090,913

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
96	45	80%	Lebanon	Wilson	WL Replacement Phase III	\$ 440,000	\$ 173,795,328	\$ -	\$ 12,090,913
97	45	80%	Lebanon	Wilson	WL Replacement Phase IV	\$ 400,000	\$ 174,195,328	\$ -	\$ 12,090,913
98	45	80%	Lebanon	Wilson	WL Replacement Phase V	\$ 420,000	\$ 174,615,328	\$ -	\$ 12,090,913
99	45	80%	Lebanon	Wilson	WTP Improvements	\$ 10,000,000	\$ 184,615,328	\$ -	\$ 12,090,913
100	45	80%	Madison Suburban UD	Davidson	GREEN WTP upgrades via sustainable practices--GREEN BUSINESS CASE REQUIRED & GREEN Meters--CATEGORICALLY GREEN	\$ 3,345,000	\$ 187,960,328	\$ 3,345,000	\$ 15,435,913
101	45	90%	Alcoa	Blount	Emergency Generator	\$ 750,000	\$ 188,710,328	\$ -	\$ 15,435,913
102	45	90%	Alcoa	Blount	GREEN Regal Drive Booster Pumps upgrades for energy efficiency-\$108,000--GREEN BUSINESS CASE REQUIRED	\$ 108,000	\$ 188,818,328	\$ 108,000	\$ 15,543,913
103	45	90%	Franklin	Williamson	Franklin (11 th Avenue & Park Street)	\$ 175,000	\$ 188,993,328	\$ -	\$ 15,543,913

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
104	45	90%	Loudon	Loudon	GREEN WTP Expansion with energy efficient VFDs, etc.-- \$500,000--GREEN BUSINESS CASE REQUIRED	\$ 7,000,000	\$ 195,993,328	\$ 500,000	\$ 16,043,913
105	25	20%	Cold Springs UD	Carter / Johnson	GREEN Auto Meters, \$110,000, etc.-- CATEGORICALLY GREEN	\$ 825,000	\$ 196,818,328	\$ 110,000	\$ 16,153,913
106	25	20%	Jellico	Campbell	GREEN Auto Read Meters-- CATEGORICALLY GREEN and PS components for energy efficiency- \$1,065,000--GREEN BUSINESS CASE REQUIRED and WL extension	\$ 1,600,000	\$ 198,418,328	\$ 1,065,000	\$ 17,218,913
107	25	20%	Roan Mountain UD	Carter	GREEN Auto Read Meters-\$510,210 etc.-- CATEGORICALLY GREEN	\$ 510,210	\$ 198,928,538	\$ 510,210	\$ 17,729,123
108	25	30%	Alexandria	Dekalb	Water Source	\$ 4,000,000	\$ 202,928,538	\$ -	\$ 17,729,123

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
109	25	30%	Alexandria	Dekalb	GREEN Auto Read Meters-\$200,000--CATEGORICALLY GREEN	\$ 200,000	\$ 203,128,538	\$ 200,000	\$ 17,929,123
110	25	30%	Brownlow UD	Johnson	GREEN Auto Read Meters-\$146,997--CATEGORICALLY GREEN	\$ 146,997	\$ 203,275,535	\$ 146,997	\$ 18,076,120
111	25	30%	Carderview UD	Johnson	GREEN Auto Meters-\$125,000--CATEGORICALLY GREEN, Tank etc.	\$ 520,000	\$ 203,795,535	\$ 125,000	\$ 18,201,120
112	25	30%	Poplar Grove UD	Tipton	GREEN Auto Read Meters-\$1,336,741--CATEGORICALLY GREEN	\$ 1,336,741	\$ 205,132,276	\$ 1,336,741	\$ 19,537,861
113	25	40%	First UD Hawkins	Hawkins	GREEN Auto Meters-\$2,844,650--CATEGORICALLY GREEN & WLE	\$ 5,095,150	\$ 210,227,426	\$ 2,844,650	\$ 22,382,511
114	25	40%	Minor Hill UD	Giles	GREEN Auto Read Meters-\$400,000--CATEGORICALLY GREEN	\$ 400,000	\$ 210,627,426	\$ 400,000	\$ 22,782,511

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
115	25	40%	Ocoee UD	Polk / Bradley	GREEN Auto Read Meters-\$900,000--CATEGORICALLY GREEN	\$ 900,000	\$ 211,527,426	\$ 900,000	\$ 23,682,511
116	25	40%	Ocoee UD	Polk / Bradley	Conasauga Water Tank	\$ 700,000	\$ 212,227,426	\$ -	\$ 23,682,511
117	25	40%	Waverly	Humphreys	Town Hill Water Tank	\$ 700,000	\$ 212,927,426	\$ -	\$ 23,682,511
118	25	40%	Waverly	Humphreys	WTP Generator	\$ 250,000	\$ 213,177,426	\$ -	\$ 23,682,511
119	25	50%	Anderson County WA	Anderson	GREEN Auto Read Meters-\$1,620,000--CATEGORICALLY GREEN	\$ 1,620,000	\$ 214,797,426	\$ 1,620,000	\$ 25,302,511
120	25	50%	Harriman	Roane	GREEN Auto Read Meters-\$1,620,000--CATEGORICALLY GREEN	\$ 1,600,000	\$ 216,397,426	\$ 1,600,000	\$ 26,902,511
121	25	50%	Harriman	Roane	Water Lines & Tank	\$ 1,500,000	\$ 217,897,426	\$ -	\$ 26,902,511
122	25	50%	Old Knoxville Hwy WD	Greene	GREEN Auto Read Meters-\$750,000--CATEGORICALLY GREEN	\$ 750,000	\$ 218,647,426	\$ 750,000	\$ 27,652,511
123	25	50%	Russellville-Whitesburg UD	Hamblen / Greene	GREEN Auto Meters-\$225,000--CATEGORICALLY GREEN	\$ 225,000	\$ 218,872,426	\$ 225,000	\$ 27,877,511

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
124	25	50%	Tellico Area Services System	Monroe / Loudon	GREEN Auto Meters-\$535,000-- CATEGORICALLY GREEN	\$ 535,000	\$ 219,407,426	\$ 535,000	\$ 28,412,511
125	25	50%	Tellico Area Services System	Monroe / Loudon	Antioch Tank	\$ 1,180,000	\$ 220,587,426	\$ -	\$ 28,412,511
126	25	50%	Tellico Area Services System	Monroe / Loudon	Hiw. Tank	\$ 1,293,000	\$ 221,880,426	\$ -	\$ 28,412,511
127	25	50%	Unicoi Water UD	Unicoi	GREEN Meters - \$1,004,650-- CATEGORICALLY GREEN & New Source	\$ 2,651,400	\$ 224,531,826	\$ 1,004,650	\$ 29,417,161
128	25	60%	Consolidated UD	Rutherford	Water Storage Tank	\$ 3,400,000	\$ 227,931,826	\$ -	\$ 29,417,161
129	25	60%	Consolidated UD	Rutherford	Pump Station	\$ 1,780,000	\$ 229,711,826	\$ -	\$ 29,417,161
130	25	60%	Erwin	Unicoi	GREEN SCADA & Meters-\$800,000-- CATEGORICALLY GREEN	\$ 800,000	\$ 230,511,826	\$ 800,000	\$ 30,217,161
131	25	60%	Hendersonville UD	Sumner	Villages Water Tank	\$ 2,000,000	\$ 232,511,826	\$ -	\$ 30,217,161
132	25	60%	Madisonville	Monroe	GREEN Auto Read Meters-\$1,624,000-- CATEGORICALLY GREEN & WLE	\$ 2,374,000	\$ 234,885,826	\$ 1,624,000	\$ 31,841,161

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
133	25	60%	Mountain City	Johnson	GREEN Auto Read Meters-\$1,630,955-- CATEGORICALLY GREEN	\$ 1,630,955	\$ 236,516,781	\$ 1,630,955	\$ 33,472,116
134	25	70%	Cleveland Utilities	Bradley	Water Tank & PS	\$ 670,000	\$ 237,186,781	\$ -	\$ 33,472,116
135	25	70%	Eastside UD	Hamilton	GREEN Auto Read Meters-\$3,525,000-- CATEGORICALLY GREEN	\$ 3,525,000	\$ 240,711,781	\$ 3,525,000	\$ 36,997,116
136	25	70%	Johnson City	Carter	Tannery Knob Tank	\$ 1,500,000	\$ 242,211,781	\$ -	\$ 36,997,116
137	25	70%	Johnson City	Carter	GREEN Watauga WTP Upgrade-- energy efficiency, VFDs-\$4,000,000-- GREEN BUSINESS CASE REQUIRED	\$ 4,000,000	\$ 246,211,781	\$ 4,000,000	\$ 40,997,116
138	25	70%	Johnson City	Carter	SOF PS Generator	\$ 250,000	\$ 246,461,781	\$ -	\$ 40,997,116
139	25	70%	Tuckaleechee UD	Blount	GREEN Auto Read Meters-\$1,800,000-- CATEGORICALLY GREEN	\$ 1,800,000	\$ 248,261,781	\$ 1,800,000	\$ 42,797,116
140	25	70%	Waldens Ridge UD	Hamilton	New Tank & WLR	\$ 2,250,000	\$ 250,511,781	\$ -	\$ 42,797,116

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND

FY 2010 Priority Ranking List

DRAFT COMPREHENSIVE LIST

Total DWSRF \$ 266,378,225 \$ 48,997,116 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Local Government	County	Project Description	Priority List Amount (\$)	Running Total Project Amount Requested (\$)	Green Component (\$)	Green Component Running Total (\$)
141	25	80%	Lenoir City	Loudon	GREEN Auto Read Meters-\$1,900,000--CATEGORICALLY GREEN	\$ 1,900,000	\$ 252,411,781	\$ 1,900,000	\$ 44,697,116
142	25	90%	Franklin	Williamson	GREEN Leak Detection-\$300,000-CATEGORICALLY GREEN	\$ 300,000	\$ 252,711,781	\$ 300,000	\$ 44,997,116
143	25	90%	Franklin	Williamson	GREEN Auto Read Meters-\$4,000,000-CATEGORICALLY GREEN	\$ 4,000,000	\$ 256,711,781	\$ 4,000,000	\$ 48,997,116
	Ineligible	0%	Big Creek UD	Grundy	New Source Construction	\$ 8,750,000	\$ 265,461,781	\$ -	\$ -
	Ineligible	0%	Big Creek UD	Grundy	New Source Eng. & Design	\$ 675,000	\$ 266,136,781	\$ -	\$ -
	Ineligible	20%	Sharon	Weakley	Water Tank Rehab & SCADA	\$ 241,444	\$ 266,378,225	\$ -	\$ -

STATE OF TENNESSEE

PRIORITY POINTS FOR DRINKING WATER STATE REVOLVING FUND PROJECTS

1. Water Quality Problems
 - 100 Points - Disease outbreak or acute health risk
 - 80 Points - Chronic water quality problems
 - 60 Points - Potential water quality problems
 - 40 Points - Operational problems
 - 20 Points - Other
2. Source or Plant Capacity
 - 80 Points - Water shortage or rationing
 - 60 Points - 80% capacity rule
 - 40 Points - Exceeding capacity on peak days
 - 20 Points - Projected need within 10 years
3. Water Storage
 - 80 Points - Less than 50% daily demand
 - 60 Points - 50 to 75% daily demand
 - 40 Points - 75 to 100% daily demand
 - 20 Points - 100 to 125% daily demand
4. Leakage Problems
 - 80 Points - 50% or greater water loss
 - 60 Points - 40 to 49% water loss
 - 40 Points - 30 to 39% water loss
 - 20 Points - 20 to 29% water loss
5. Pressure Problems
 - 80 Points - pressure consistently less than 20 psi
 - 60 Points - pressure periodically less than 20 psi
 - 40 Points - pressure occasionally less than 20 psi
 - 20 Points - pressure marginal (20 to 30 psi)
6. Replacement or Rehabilitation Projects
 - 80 Points - essential equipment failure
 - 60 Points - essential equipment deteriorated & near failure
 - 40 Points - non-essential equipment failure
 - 20 Points - non-essential equipment deteriorated
7. Water Line Extensions
 - 100 Points - special acute health problems
 - 80 Points - exceeding drinking water limits or without water
 - 60 Points - nuisance or quantity problems
 - 40 Points - extend public water to private well supplies
 - 40 Points - water line relocations and upgrades

DWSRF Loan Program Intended Use Plan for FY 2010

DRINKING WATER STATE REVOLVING FUND – PRIORITY POINTS NARRATIVE

Water systems requesting loans for water projects through the DWSRF Loan Program will be assigned priority points based on instructions given in The Safe Drinking Water Act (SDWA). The SDWA instructs states to utilize DWSRF Loan Program funds to address risks to human health, compliance with the Act, and to assist systems most in need on a per household basis. Tennessee has established a priority ranking system, which will comply with the instructions in the SDWA. Priority points will be assigned on a 100-point scale based on the severity of the problem.

The only projects eligible for the maximum of 100 points will be those that address serious, acute risks to human health. Other projects will be assigned 20, 40, 60, or 80 points depending on the severity of the problem and whether a compliance problem exists. Projects requesting funds for ineligible activities such as fire protection, dam construction or future growth will not be assigned priority points. Projects that receive the same priority points will be ranked according to the ability to pay index for each community. This will satisfy the SDWA requirement to assist systems most in need on a per household basis. Seven categories of projects have been established which encompass all types of water system projects.

DWSRF Loan Program Intended Use Plan for FY 2010

Attachment 3

DWSRF LOAN PROGRAM BINDING COMMITMENT SCHEDULE

<u>QUARTER</u>			<u>AMOUNT</u>
October 1, 2010	-	December 31, 2010	\$ 2,000,000
January 1, 2011	-	March 31, 2011	\$ 1,000,000
April 1, 2011	-	June 30, 2011	\$ 1,500,000
July 1, 2011	-	September 30, 2011	\$ 2,500,000
October 1, 2011	-	December 31, 2011	\$ 2,021,000
January 1, 2012	-	March 31, 2012	\$ 2,021,000
April 1, 2012	-	June 30, 2012	\$ 2,021,000
July 1, 2012	-	September 30, 2012	\$ 2,021,000
TOTAL			<u>\$ 15,084,000</u>

DWSRF Loan Program Intended Use Plan for FY 2010

Attachment 4

DWSRF LOAN PROGRAM QUARTERLY AUTOMATED STANDARD APPLICATION for PAYMENTS (ASAP)

(Quarters are based on Federal fiscal year)

<u>FY 2009</u>	<u>Amount</u>
Qt 4	\$ 2,000,000
<u>FY 2010</u>	<u>Amount</u>
Qt 1	\$ 2,500,000
Qt 2	\$ 2,500,000
Qt 3	\$ 2,000,000
Qt 4	\$ 2,000,000
<u>FY 2011</u>	<u>Amount</u>
Qt 1	\$ 2,000,000
Qt 2	\$ 1,084,000
Qt 3	\$ 1,000,000
TOTAL	<hr/> \$ 15,084,000 <hr/>

DWSRF Loan Program Intended Use Plan for FY 2010

Attachment 5

DWSRF LOAN PROGRAM QUARTERLY DISBURSEMENTS

(Quarters are based on Federal fiscal year)

<u>FY 2010</u>	<u>Amount</u>
Qt 4	\$ 2,000,000
<u>FY 2011</u>	<u>Amount</u>
Qt 1	\$ 2,000,000
Qt 2	\$ 2,500,000
Qt 3	\$ 2,500,000
Qt 4	\$ 2,500,000
<u>FY 2012</u>	<u>Amount</u>
Qt 1	\$ 1,500,000
Qt 2	\$ 1,084,000
Qt 3	\$ 1,000,000
TOTAL	<hr/> \$ 15,084,000 <hr/>

DWSRF Loan Program Intended Use Plan for FY 2010

Attachment 6

PROJECTED FUNDS AVAILABLE TO LOAN DURING 2011 - WITH FEDERAL GRANT

	Through FY 2010	For FY 2011	Total
Sources of Funds:			
Capitalization Grants	\$ 140,462,900	\$ 15,084,000	\$ 155,546,900
State Match	\$ 24,044,980	\$ 3,016,800	\$ 27,061,780
Investment Earnings (estimated)	\$ 5,326,633		\$ 5,326,633
Loan Repayments - Principal & Interest (estimated)	\$ 23,740,426		\$ 23,740,426
Total Sources of Cash	<u>\$ 193,574,939</u>	<u>\$ 18,100,800</u>	<u>\$ 211,675,739</u>
Uses of Funds:			
Loans and Amendments	\$ 143,003,001		\$ 143,003,001
Administration Expense Allocations	\$ 5,618,516	\$ 603,360	\$ 6,221,876
PWSS Expense Allocations	\$ 13,769,585	\$ 1,508,400	\$ 15,277,985
Small Technical Assistance Expense Allocations	\$ 2,809,258	\$ 301,680	\$ 3,110,938
Wellhead Protection Expense Allocations	\$ 3,252,286	\$ 150,840	\$ 3,403,126
Source Water Assessment Expense Allocations	\$ 1,277,620	\$ -	\$ 1,277,620
Capacity Development Expense Allocations	\$ 255,524	\$ -	\$ 255,524
Total Uses of Cash	<u>\$ 169,985,790</u>	<u>\$ 2,564,280</u>	<u>\$ 172,550,070</u>
Sources of Cash less Uses of Cash	<u>\$ 23,589,149</u>	<u>\$ 15,536,520</u>	
Net Available to Loan during FY 2011		<u>\$ 39,125,669</u>	<u>\$ 39,125,669</u>



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
State Revolving Fund Loan Program
L&C Tower, 8th Floor
401 Church Street
Nashville, TN 37243

April 1, 2010

PUBLIC NOTICE

TO ALL POTENTIAL STATE REVOLVING FUND LOAN APPLICANTS AND INTERESTED PARTIES

The Tennessee Department of Environment and Conservation (TDEC) will conduct public meetings on **Monday May 3, 2010**, to present the fiscal year (FY) 2010 Draft Intended Use Plans (IUPs) for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) capitalization grants and to receive comments from the public. The meetings will be held in **Conference Room, 17th Floor, L & C Tower, 401 Church Street, Nashville, Tennessee**, at **10:00 a.m. (CWSRF)** and **1:00 p.m. (DWSRF), CDT**.

IUPs serve as the planning documents for the state's intended use of this fiscal year's federal and state appropriations for the CWSRF and DWSRF. IUPs include the Priority Ranking Lists of eligible water and sewer projects and explanations of the intended uses of the set-asides for non-project activities, DWSRF and CWSRF Loan Program goals, and the criteria and methods used for distributing funds. The draft IUPs will become final after a 10-day post-public meeting comment period.

CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC is currently applying for the FY 2010 EPA Capitalization Grant from the CWSRF Loan Program in the amount of \$29,598,000 and requires a state match of \$5,919,600.

DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC is currently applying for the FY 2010 Environmental Protection Agency (EPA) Capitalization Grant from the DWSRF Loan Program in the amount of \$15,084,000 and requires a state match of \$3,016,800.

SPECIAL PROVISIONS OF THE FY 2010 CWSRF AND DWSRF CAPITALIZATION GRANTS

The Capitalization Grant Conditions for the FY 2010 CWSRF and DWSRF require the State to set aside 20 percent Green Project Reserve and provide additional subsidy to eligible recipients. The subsidy will be in the form of Principal Forgiveness (PF).

DWSRF Loan Program Intended Use Plan for FY 2010

If you are unable to attend the meeting but would like to review the IUPs, please contact Dale Hager at (615) 532-0457. All comments must be received in the State Revolving Fund Loan Program's office no later than May 17, 2010. Comments may be mailed to Mr. Hager at the letterhead address above, submitted via e-mail to dale.hager@tn.gov, or sent to Mr. Hager at facsimile number (615) 532-0199.

Individuals with disabilities who wish to participate in these proceedings or to review these filings should contact the Tennessee Department of Environment and Conservation to discuss any auxiliary aids or services needed to facilitate such participation. Such contact may be in person or by writing, telephoning, or other means and should be made no less than 10 days prior to the scheduled meeting date to allow time to provide such aid or services. To make these arrangements, contact the Tennessee Department of Environment and Conservation, ADA Coordinator Beverly Evans, L&C Tower, 12th Floor, 401 Church Street, Nashville, Tennessee 37243, (615) 532-0207. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

If you have any questions regarding this notice please contact Dale Hager at (615) 532-0457, dale.hager@tn.gov or Sharon Moody at (615) 532-0472 or sharon.moody@tn.gov.